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ABITIBI POWER AND PAPER COMPANY LIMITED

THIRTEENTH ANNUAL REPORT

FOR THE FISCAL YEAR ENDING DECEMBER 31, 1926

To the Shareholders of the

Abitibi Power & Paper Company, Limited.

Your Directors herewith submit their report for the fiscal year ending December 31, 1926.

Operations for the year produced net earnings of \$4,254,594.80, before providing for interest, income tax and reserves. Net profits, after all charges and reserves, were \$2,961,995.07, out of which \$70,000 was paid in Preferred Stock Dividends and \$1,062,500 in Common Stock Dividends. Surplus for the year was \$1,829,495.07, and the total earned surplus at December 31, 1926, after usual current reserves as shown in the attached statement and after transferring from surplus account to depreciation reserve an additional amount of \$965,707.43, was \$7,847,893.62.

Fixed assets were increased by the expenditure of \$1,886,086.58 on the Company's Mills, Railroad, Townsite and new Power Plant. \$690,000 of the Company's bonds were paid and cancelled. Current payables were kept to the lowest practicable point, and total surplus and reserves were increased \$2,424,528.72.

During the year the Company purchased a substantial interest in Manitoba Paper Company Limited and in St. Anne Paper Company Limited and since the end of the year has acquired complete ownership of the Mattagami Pulp enterprise now known as Abitibi Fibre Company, Limited.

The average production per machine during the year has again shown a substantial increase, which reflects the continued efficiency of your manufacturing organization.

On behalf of the Board of Directors,

ALEXANDER SMITH,

President.

Montreal, March 10, 1927.

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BALANCE SHEET

ASSETS

CURRENT ASSETS:

Inventories at Cost:		
Logs and Expenditures on 1926-1927 Season's Logging Operations.....	718,981.05	
Paper, Pulp, Material and Supplies.....	696,217.03	
	<u>1,415,198.08</u>	
Accounts Receivable.....	1,329,831.37	
Cash on Hand and on Deposit.....	951,556.22	
		<u>3,696,585.67</u>

INVESTMENTS:

In securities of other Companies and in the Company's own bonds purchased for redemption purposes.....	781,187.03	
		<u>4,477,772.70</u>

FIXED ASSETS:

Lands, Water Powers and Timber Limits.....	7,749,941.23	
Pulp and Paper Mills.....	18,561,178.30	
Office Fixtures.....	31,148.18	
	<u>26,342,267.71</u>	

INVESTMENTS IN AND ADVANCES

TO ASSOCIATED COMPANIES.....	3,960,669.13	
		<u>30,302,936.84</u>

OTHER ASSETS:

Insurance and other Expenses Prepaid.....	51,097.08	
		<u>\$ 34,831,806.62</u>

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have examined the Books and Accounts of the Abitibi Power & Paper Company Limited, for the year ending December 31, 1926, and have obtained all the information and explanations which we have required; and we certify that, in our opinion, the above Balance Sheet at December 31, 1926, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the Books of the Company.

Montreal, February 18, 1927.

PRICE, WATERHOUSE & COMPANY,
Auditors.

per Company Limited

DECEMBER 31, 1926

LIABILITIES

CURRENT LIABILITIES:

Current Accounts Payable.....	731,654.61	
Fixed Charges Accrued.....	236,094.00	
Wages Accrued.....	47,413.90	
		1,015,162.51

DIVIDENDS DECLARED:

Payable January 1927.....	330,000.00
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PROVISION FOR INCOME TAXES.....	185,072.92
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FUNDED INDEBTEDNESS:

Consolidated Mortgage 8% Gold Bonds Maturing March 15, 1931, Balance Outstanding.....	3,066,600.00	
Underlying 6% Serial and 6% General Mortgage Bonds Outstanding.....	5,877,000.00	
		8,943,600.00

RESERVES:

For Depreciation and Exhaustion.....	10,316,441.81	
For Doubtful Accounts.....	12,451.48	
For Inventories.....	181,184.28	
		10,510,077.57

SURPLUS AND UNDIVIDED PROFITS:

As per Detailed Surplus Account.....	7,847,893.62
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CAPITAL:

Seven Per Cent Cumulative Preferred Stock—Authorized and Issued— 10,000 shares of \$100.00 each.....	1,000,000.00
Common Stock—Authorized and Issued—250,000 shares of no par value	5,000,000.00
	<u>\$ 34,831,806.62</u>

CONTINGENT LIABILITIES:

Bonds and other obligations of the Abitibi Electric Development Com- pany Limited, Abitibi Lands & Forests Limited and the Abitibi Transportation & Navigation Company Limited, guaranteed by the Company to the extent of.....	<u>\$2,052,710.17</u>
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Approved on behalf of the Board.

L. R. WILSON,
Director.

VICTOR E. MITCHELL,
Director.

ABITIBI POWER AND PAPER COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDING DECEMBER 31, 1926

Profit before Depreciation, Interest and Income Taxes.....	4,254,594.80
Provision for Depreciation and Exhaustion.....	597,818.90
Profit before Interest and Income Taxes.....	3,656,775.90
Interest on Funded Debt, less Interest Received.....	539,780.83
Profit before Income Taxes.....	3,116,995.07
Provision for Income Taxes.....	155,000.00
	<u>\$ 2,961,995.07</u>

SURPLUS ACCOUNT

Net Profit as above.....	2,961,995.07
DEDUCT:	
Dividends on:	
Preferred Stock.....	70,000.00
Common Stock.....	1,062,500.00
	<u>1,132,500.00</u>
	1,829,495.07
Surplus as at December 31, 1925.....	6,984,105.98
	<u>8,813,601.05</u>
Transferred to Depreciation Reserve.....	965,707.43
Surplus as per Balance Sheet.....	<u>\$ 7,847,893.62</u>